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CANADIAN GRIDOIL LIMITED ANNUAL REPORT 1968

CANADIAN GRIDOIL LIMITED

330 - 9th Avenue South West
Calgary, Canada

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The Annual General Meeting of the Shareholders will be held at the Head Office of the Company, 330 - 9th Avenue S.W., CALGARY, Canada on April 25, 1969.

CANADIAN GRIDOIL LIMITED

highlights

1968 Annual Report

	Change	1968	1967	1966	1965	1964
FINANCIAL						
Gross Income	-	\$3,892,200	\$3,898,284	\$3,230,610	\$2,857,192	\$2,390,370
Cash Flow from Operations . . .	- 14%	2,005,709	2,333,347	1,876,101	1,756,373	1,513,859
Net Income	- 32%	615,983	909,526	652,586	735,373	619,581
Cash Flow per Share		81c	94c	76c	71c	61c
Net Income per Share		25c	32c	26c	29c	25c
OPERATING						
Oil Production – net barrels . . .	-	1,613,298	1,610,033	1,337,507	1,124,546	940,354
Daily average – net barrels . . .	-	4,420	4,411	3,665	3,080	2,570
Proven Reserves						
Crude Oil – net barrels . . .	+ 15%	16,087,222	14,016,978	12,985,516	11,134,500	9,059,200
Natural Gas Liquids –						
net barrels	+ 129%	293,460	127,823	-	-	-
Natural Gas – MCF	+ 86%	11,971,671	6,423,659	-	-	-
Wells						
Oil – net		140.6	123.1	113.6	97.9	84.7
Gas – net		2.43	1.41	1	1	1
Royalty interest wells		114	105	101	101	97
Land – net acres		3,183,421	3,276,709	3,292,060	3,156,116	2,304,738

report

TO THE SHAREHOLDERS

General

For Canadian Gridoil, 1968 was a year in which the Company further prepared for the future, by diversifying its areas of exploration interest through lease and permit acquisitions, by continuing a substantial level of exploratory work, by materially increasing its reserves of oil and gas, and by completing a \$4.7 million net financing through Convertible Preferred Shares to help meet future requirements.

During 1968, production, drilling activity and gross income closely paralleled 1967. Net income, however, declined for reasons set out in more detail below. Your Company looks forward with confidence to not only its own exploration and development activities, but also to those of Panarctic Oils Ltd. in the Canadian Arctic, a major consortium venture in which Canadian Gridoil owns a direct one percent interest in addition to its interests in Arctic permits.

While 1968 gross income and production levels were about equal to 1967, the following points should be noted: Reductions in wellhead prices of 10c per barrel for both Southwestern Saskatchewan and Southeastern Alberta crude were accepted in order to avoid loss of markets. In addition certain periods of pipeline prorationing curtailed production in these areas and offset any increase in production from new wells completed during 1968.

Financial

Gross Income for the year totalled \$3,892,200 compared to \$3,898,284 for 1967. Cash Flow decreased 14% from \$2,333,347 in 1967 to \$2,005,711 for 1968. Income from operations decreased by 23.4% to \$615,985 for 1968. Net Income for 1968 decreased 32.3% to \$615,985 as compared to \$909,526 for 1967 which included a non-recurring profit of \$105,422.

Drilling

Exploration and development drilling activity continued at approximately the same level as during 1967. The Company participated in 61 wells, completing 30 oil wells, 3 gas wells and 28 abandonments. Nine of the dry and abandoned holes were drilled at no cost to the Company.

Reserves

Total proven and probable reserves of crude oil and natural gas liquids increased by over 3,400,000 barrels during 1968. After 1968 production of over 1,600,000 barrels the net increase amounted to 1,800,000 barrels. Proven and probable reserves of natural gas increased by 230,000 MCF during 1968. Total drilled reserves of crude oil and natural gas liquids are in excess of 24,800,000 barrels of which 16,300,000 barrels are proven. Natural gas reserves totalled approximately 13,400,000 MCF of which 12,100,000 MCF are proven.

Production

Average daily rates of production remained at 4,420 barrels per day in 1968 compared to 4,411 barrels per day in 1967.

Capital Expenditures

Capital expenditures totalling \$1,600,000 were made on the exploration, development and land acquisition programs. Certain delays were experienced due to problems concerning land acquisitions and farmout negotiations which tended to restrict the 1968 capital program below the budget forecast.

Financing

In December the Company completed the sale and issue of 200,000 6% Cumulative Redeemable Convertible Preferred Shares Par Value \$25.00 which netted Canadian Gridoil over \$4,700,000 after provision for financing costs. This financing has given the Company long-term funds required for land acquisition and exploration expenditures over the next few years in addition to funds generated from operations.

Arctic Islands

Since the announcement of the oil discovery at Prudhoe Bay in Alaska, land filings by all companies on and off-shore across the Canadian Arctic Islands have more than doubled to 175,000,000 acres. Your Company is represented in Northern development with a 1% interest in Panarctic Oils Ltd. which is involved in an exploration program covering an area of 50,000,000 acres. Gridoil has a direct interest in over 7,000,000 gross acres. Most of these lands have been optioned to Panarctic with the Company retaining a working interest.

Personnel

The Directors wish to express their sincere appreciation to all employees of the Company for their major contributions to the continued progress of the Company.

On behalf of the Board,

S. C. NICKLE, SR.
President

March 18, 1969.

exploration

AND DEVELOPMENT

DRILLING

Canadian Gridoil participated in the drilling of 61 wells in Western Canada during 1968. Eight of these wells were drilled without cost to the Company. Twenty-two oil wells, 2 gas wells and 5 service wells were successfully completed and resulted in the equivalent of 100% of 12.828 net oil wells and 1.022 net gas wells to the Company.

PRODUCTION

The Company produced 1,613,298 net barrels of oil during 1968 after payment of all royalties. The average daily rate increased slightly to 4,420 net barrels from 4,411 net barrels per day for 1967.

At year end 1968 the Company held varying working interests in 2,518 gross wells, equivalent to 100% interest in 140.6 net oil wells and 2.43 net gas wells. Canadian Gridoil also owned various royalty interests in 114 producing wells.

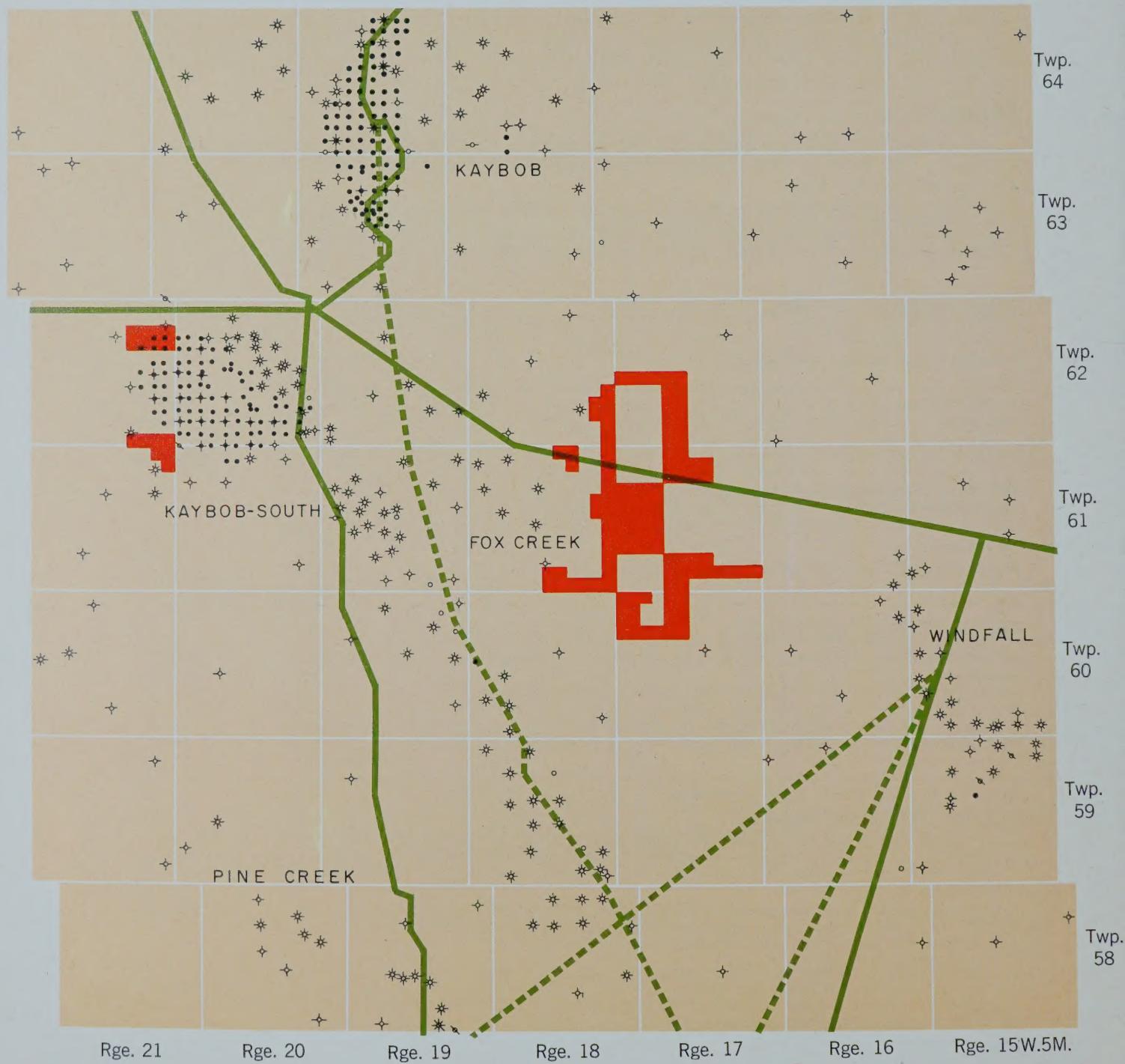
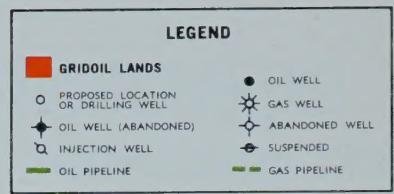
Land Holdings — 1968

	Acres	
	Gross	Net
Petroleum and Natural Gas Leases		
Alberta	362,396	172,351
Saskatchewan	201,362	200,116
Manitoba	8,304	7,584
	<hr/>	<hr/>
	572,062	380,051
Petroleum and Natural Gas Reservations and Permits — Note 1		
Alberta	53,760	26,168
Saskatchewan	100,771	100,003
Northwest Territories and Arctic Islands	7,112,382	1,262,772
	<hr/>	<hr/>
	7,266,913	1,388,943
50% Interest in Minerals — Note 2		
Saskatchewan	661,427	661,427
Manitoba	753,000	753,000
	<hr/>	<hr/>
	1,414,427	1,414,427
Total Acreage	9,253,402	3,183,421

Notes to Land Holding Statement

- Includes Arctic Islands holdings (6,839,979 acres gross, 1,114,902 acres net) which have been committed to Panarctic Oils Ltd. Pursuant to these agreements Panarctic Oils Ltd. may earn varying interests in these lands. In the interim the Company is relieved of all carrying charges and/or work obligations.
- Includes Arctic Islands holdings (177,263 acres gross, 124,084 acres net) not committed to Panarctic Oils Ltd., which lands, as a result of credits accumulated through prior work, will require no further carrying charges and/or work obligations until after 1976.
- The Company's interest in minerals consists of an undivided one-half interest in perpetuity in the minerals (including petroleum and natural gas, but excluding coal). These are freehold mineral interests subject only to a modest annual mineral tax with respect to those minerals located in the Province of Saskatchewan. No other maintenance costs are involved.

KAYBOB S. - CLARKE LAKE
NORTHERN ALBERTA



operations

NORTH-CENTRAL ALBERTA

In 1968 Canadian Gridoil acquired a 40% interest in a natural gas License in the Kaybob South-Clarke Lake area. In addition to this 25-mile long producing Beaverhill Lake trend other zones produce significant amounts of gas, as for example, the D3 and D1 at Windfall. Similarly, shallower sand formations contain marketable gas in wells adjacent to the west edge of the natural gas License. One gas well offsets the Company's acreage.

From a rework of existing seismic data in this area, a modern shooting technique was formulated in order to carry out an extensive seismic program over this acreage in the 1968-1969 winter season. Canadian Gridoil's 40% interest represents a net acreage position of 7,296 acres.

NORTHWEST ALBERTA

The Company has a 2.25% working interest in a natural gas License in the Boundary Lake area of Northwest Alberta. The initial well on this acreage was drilled by another company on a farmout from Canadian Gridoil and associates as an obligation well on the original Drilling Reservation. The first well was a gas discovery resulting in an application for a natural gas License. A subsequent well drilled on this acreage was also productive of gas. The natural gas License contains 6,400 acres. Further development drilling is expected and it is anticipated that early gas marketing from the area will be possible.

Exploration activity in Northwestern Alberta continued during 1968 without any major discoveries. Canadian Gridoil drilled one dry hole on its Roe Creek petroleum and natural gas Reservation which was then converted to lease.

In the Bistcho Lake area the Company participated with its associates in the drilling of 5 tests all of which were abandoned.

Late in 1968 a gas and/or oil discovery was made 4 miles from your Company's acreage in Southwest Bistcho. The information on this hole is being held confidential by the operators because of available Crown land in the area. The discovery has prompted an increase in exploratory drilling in the immediate area.

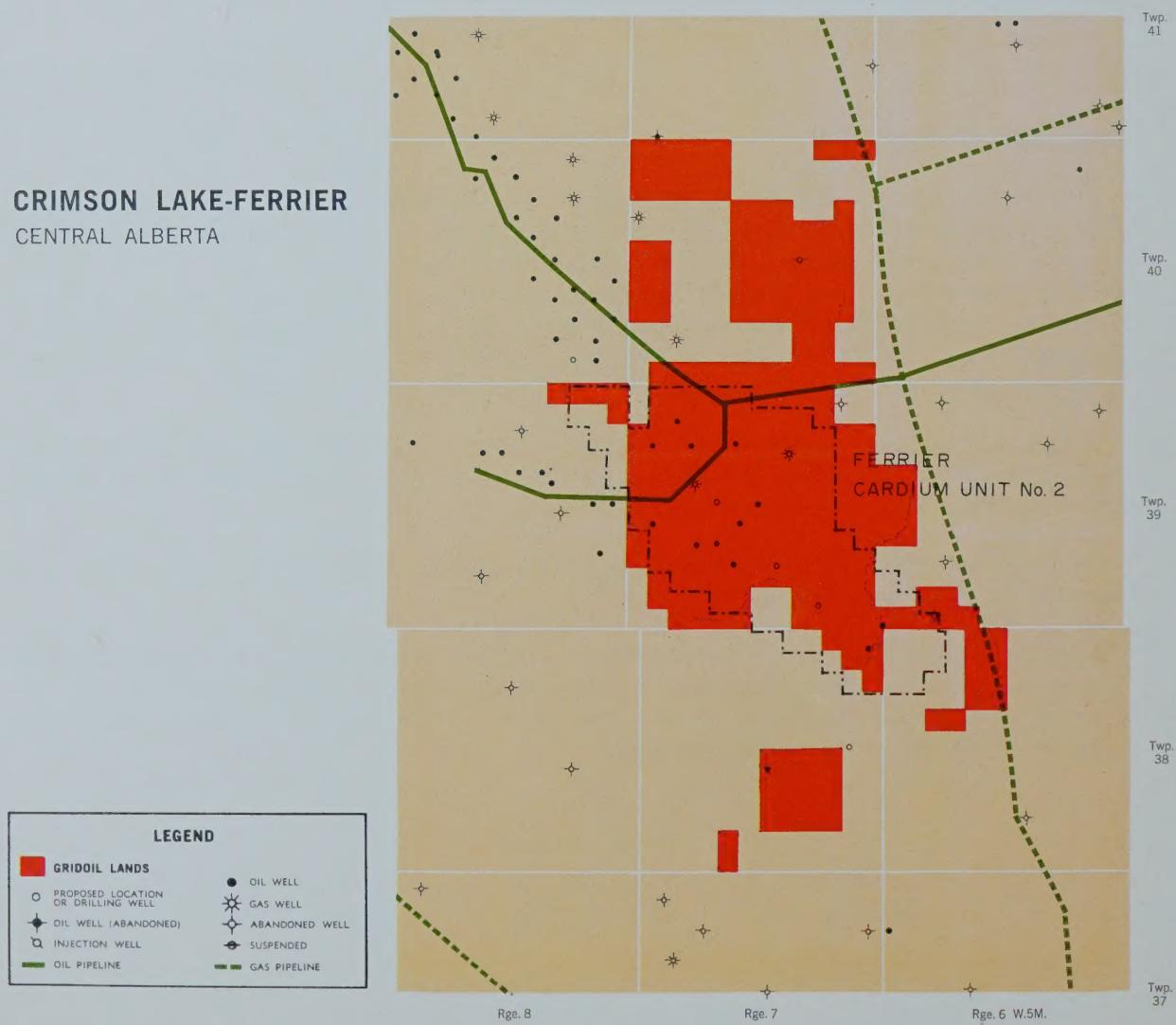
CENTRAL ALBERTA

The Company owns a working interest in 40,960 gross acres amounting to 15,272 net acres in the Crimson Lake-Ferrier area of west central Alberta. During 1968 a portion of this acreage was included in the Ferrier Cardium Unit No. 2 in which the Company owns a 17.83 percent working interest. The Unit became effective November 1, 1969 and at year end contained eleven Cardium oil wells and two Cardium gas wells.

In the unitized area a total of three wells were drilled during 1968, two of which were completed as Cardium oil wells. The third, an exploratory test, resulted in a dry hole but qualified additional acreage for inclusion in the Unit. In late 1968, development was being accelerated and two Unit wells were drilling. Additional drilling for oil and gas in the Unit area will continue in 1969. At the end of the year a casing head gas gathering system was being installed and a gas processing plant capable of approximately 9 MMCFPD throughput was under construction. It is expected that the plant will commence handling casing head gas from the Unit area by March 31, 1969 and that gas cap sales will commence November 1, 1969.

Development drilling by others has indicated that at least a portion of the non-Unit lands in which the Company has an interest will be productive of oil or gas.

CRIMSON LAKE-FERRIER CENTRAL ALBERTA



SOUTHEAST ALBERTA

In Southeastern Alberta 22 exploratory and development wells were drilled. Of these, 12 were completed as oil wells including one discovery at Grand Forks. The remaining 10 were abandoned.

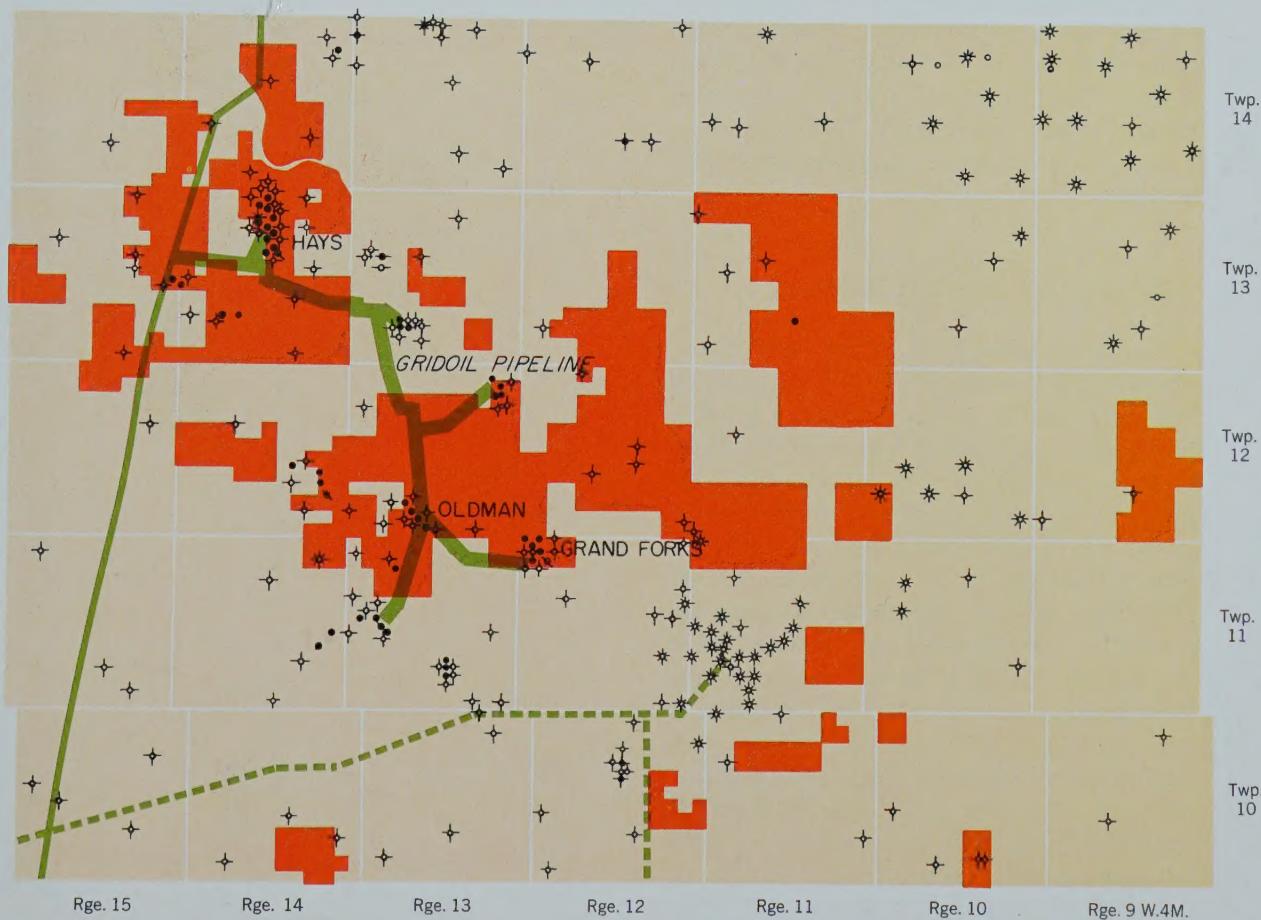
In addition to the above activity, farmouts were made which resulted in 1 oil discovery, 1 gas discovery and 1 development well being placed on production. This farmout program also resulted in 4 abandonments.

The Hays field, from which the majority of the Company's production in Southeast Alberta is obtained, continued to operate satisfactorily under pressure maintenance. During 1968 pressure response to the water flood was obtained in all wells and production response observed in several. It is anticipated that over the coming year the current level of production will be maintained or improved upon. Earnings, however, were affected by a decrease of ten cents per barrel in the posted price of crude.

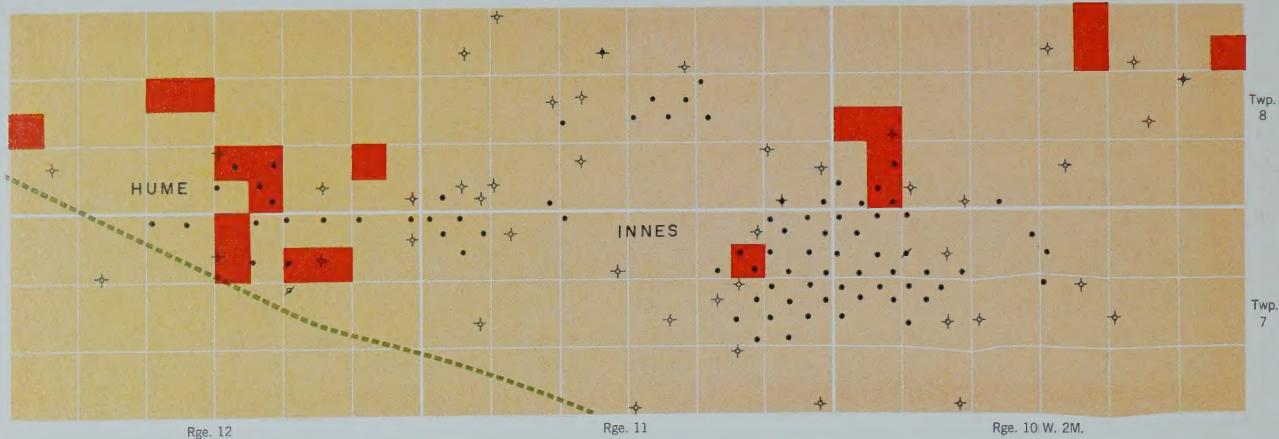
The Company's pipeline system serving seven pools in the Hays-Grand Forks area was expanded during the year by the addition of approximately four miles of 3-inch line. A total of 31 miles of variable sized line is now in service.

The Company owns an interest in 159,360 gross acres in Southeast Alberta amounting to 107,920 net acres of petroleum and natural gas rights.

S.E. ALBERTA



S.E. SASKATCHEWAN



SOUTHEAST SASKATCHEWAN

A total of 5 oil wells were drilled by the Company in Southeast Saskatchewan in 1968 resulting in 3.5 net wells. Three of the wells were located in the Hume area and two in the Elmore field. Further development drilling in the area is anticipated in 1969.

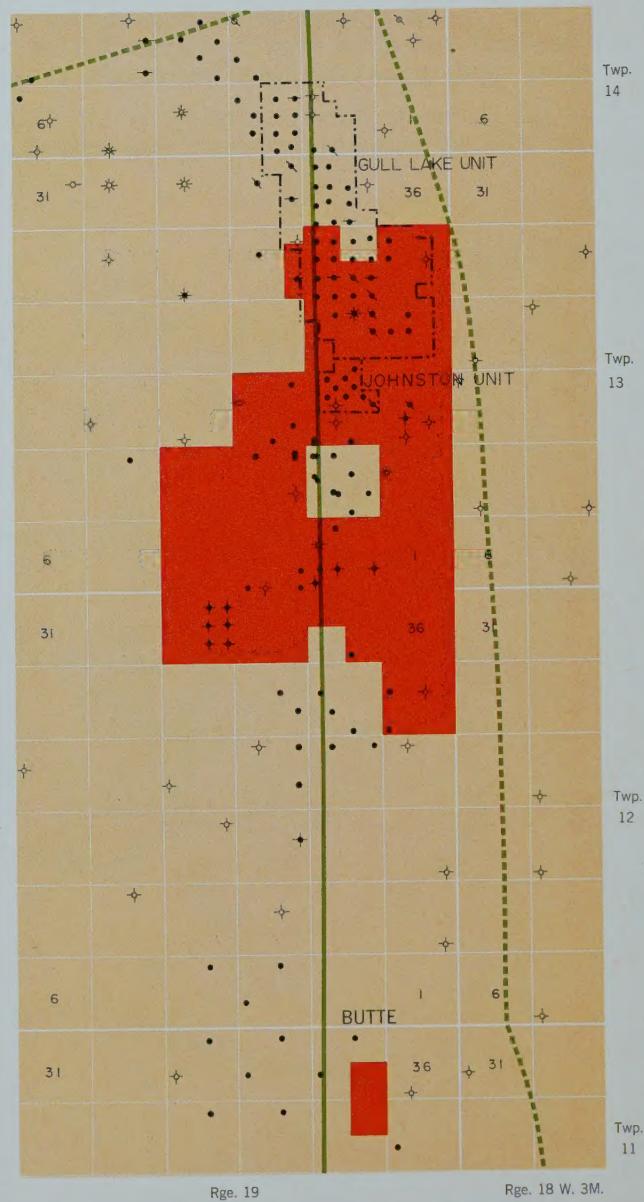
At Benson, the Benson Midale Beds Voluntary Unit No. 1 was enlarged effective June 1, 1968 to take in two additional 160-acre tracts. As a result the Company's participating interest increased to over 60%. Production response to the water flood pressure maintenance program has been very favorable and maximum production should be achieved in 1969.

SOUTHWEST SASKATCHEWAN

Industry activity in Southwest Saskatchewan increased during the year. In the Gull Lake area the Company participated in the drilling of five wells resulting in the completion of 2.5 net oil wells, one gas well and one dry hole. In the Butte area, south of Gull Lake, a 320-acre crown tract was purchased at auction in December 1968. The parcel is offset by production and development in early 1969 is planned. Difficulties were experienced throughout the year, however, in marketing southwest Saskatchewan crude, and overall deliveries were restricted to about 85 percent of the peak rate established in 1967. No immediate easing of this situation is anticipated.

GULL LAKE - BUTTE

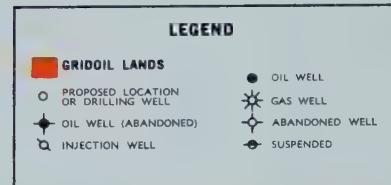
S.W. SASKATCHEWAN



NORTHWEST TERRITORIES

Canadian Gridoil owns a 25% interest in a 95,140 acre Exploratory Permit in the Arrowhead River area of the Northwest Territories. This permit is located between Celibeta and the Pointed Mountain area noted for its high potential gas wells. Consideration is being given to a seismic program for this area to be carried out during the 1969-1970 winter season.

ARROWHEAD RIVER NORTHWEST TERRITORIES



NORTHWEST TERRITORIES
PROVINCE OF BRITISH COLUMBIA

PANARCTIC OILS LTD.

Canadian Gridoil owns approximately 1% of the outstanding shares of Panarctic Oils and is a participant in the Panarctic \$20,000,000 exploration and drilling program to conduct an oil search on 50 million acres controlled in the Arctic Islands. The search area is equivalent in size to the sedimentary basin of Western Canada and has the potentiality of similar long-term results.

The Company, in addition to being over 7 million gross acres, amounting to over 100 million net acres, has been optioned to Panarctic with the following areas:

The locations of the first two wells are shown on the mapped area below.



a shareholder of Panarctic, has a direct interest in 1,262,772 net acres. Most of these lands have company retaining a working interest.

which will be drilled in early 1969 have been shown

ARCTIC ISLANDS



auditors' report

TO THE SHAREHOLDERS

We have examined the balance sheet of Canadian Gridoil Limited as at December 31, 1968 and the statements of income and retained earnings and source and use of funds for the year then ended. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change in accounting for income taxes as explained in Note 4 to the financial statements.

PRICE WATERHOUSE & CO.
Chartered Accountants
CALGARY, Alberta
March 10, 1969

CANADIAN GRIDOIL LIMITED

statement of income

FOR THE YEAR ENDED DECEMBER 31, 1968

(WITH COMPARATIVE FIGURES FOR 1967)

	1968	1967
INCOME		
Crude oil sales, less royalties	\$3,289,998	\$3,386,480
Royalty income	220,294	227,680
Other income	381,908	284,124
	<hr/> 3,892,200	<hr/> 3,898,284
EXPENSES		
Production expenses	713,280	601,630
Administrative and general expenses	652,791	579,482
Interest on long-term debt	520,420	383,825
	<hr/> 1,886,491	<hr/> 1,564,937
INCOME before the undernoted charges	<hr/> 2,005,709	<hr/> 2,333,347
Depletion and depreciation (Note 1)	1,386,193	1,525,710
Amortization of note discount and issue expense	3,533	3,533
INCOME before extraordinary item	615,983	804,104
Profit on sale of investment in shares of Scenic Oils Ltd.	—	105,422
NET INCOME for the year	<hr/> \$ 615,983	<hr/> \$ 909,526

statement of retained earnings

FOR THE YEAR ENDED DECEMBER 31, 1968

(WITH COMPARATIVE FIGURES FOR 1967)

	1968	1967
Retained Earnings at beginning of year	\$3,112,536	\$2,203,010
Net Income for the year	615,983	909,526
Retained Earnings at end of year	<hr/> \$3,728,519	<hr/> \$3,112,536

CANADIAN GRIDOIL LIMITED

balance sheet

AT DECEMBER 31, 1968
(WITH COMPARATIVE FIGURES FOR 1967)

ASSETS	1968	1967
CURRENT ASSETS		
Cash	\$ 153,721	\$ 293,993
Funds on guaranteed deposit	5,000,000	2,400,000
Accounts receivable	611,741	633,408
Inventories, at cost	74,167	66,245
Prepaid expenses	34,288	23,151
	<hr/> 5,873,917	<hr/> 3,416,797
CAPITAL ASSETS, at cost (Note 1)		
Mineral interests	2,122,130	2,122,130
Oil and gas properties	16,427,918	14,855,105
Production equipment	3,741,272	3,601,069
Pipeline	370,204	362,958
Other equipment	236,311	206,348
	<hr/> 22,897,835	<hr/> 21,147,610
Less – Accumulated depletion and depreciation (Note 1)	<hr/> 8,791,597	<hr/> 7,525,210
	<hr/> 14,106,238	<hr/> 13,622,400
OTHER ASSETS		
4% Mortgage receivable due 1973	675,000	675,000
Investment in Panarctic Oils Ltd.	79,054	–
Sundry shares and royalties	93,339	100,339
Refundable deposits	37,051	43,216
Unamortized note discount and issue expense	11,099	14,632
	<hr/> 895,543	<hr/> 833,187
	<hr/> <hr/> <hr/> \$20,875,698	<hr/> <hr/> <hr/> \$17,872,384

LIABILITIES		1968	1967
CURRENT LIABILITIES			
Accounts payable		\$ 508,843	\$ 571,818
Current portion of long-term debt		1,066,000	1,130,900
		<hr/>	<hr/>
		1,574,843	1,702,718
LONG-TERM DEBT, less current portion (Note 2)		4,477,000	6,668,100
SHAREHOLDERS' EQUITY			
Share capital –			
Preferred Shares –			
Authorized and issued 200,000 6% Cumulative Redeemable Convertible Preferred Shares of a par value of \$25 each (Note 6)		5,000,000	–
Common Shares –			
Authorized –			
5,000,000 shares of a par value of 45c each, of which 350,000 shares are reserved for conversion of Preferred Shares			
Issued –			
2,471,350 shares		1,112,107	1,112,107
Capital in excess of par value (Note 6)		4,983,229	5,276,923
Retained earnings since February 18, 1963		3,728,519	3,112,536
		<hr/>	<hr/>
		14,823,855	9,501,566
APPROVED ON BEHALF OF THE BOARD			
S. C. NICKLE, SR., Director		\$20,875,698	\$17,872,384
A. R. MORISON, Director		<hr/>	<hr/>

CANADIAN GRIDOIL LIMITED

statement of source and use of funds

FOR THE YEAR ENDED DECEMBER 31, 1968

(WITH COMPARATIVE FIGURES FOR 1967)

FUNDS WERE OBTAINED FROM

	1968	1967
Net income for the year	\$ 615,983	\$ 909,526
Add – Depletion, depreciation and amortization	<u>1,389,726</u>	<u>1,529,243</u>
	2,005,709	2,438,769
Deduct – Profit on sale of investment in Scenic Oils Ltd.	–	105,422
	<u>2,005,709</u>	<u>2,333,347</u>
Cash flow from operations	5,000,000	–
Proceeds from 6% Cumulative Preferred Share issue	–	1,825,000
Increase in long-term debt	–	442,922
Proceeds from sale of investment in shares of Scenic Oils Ltd.	13,165	11,675
Sundry proceeds	<u>\$7,018,874</u>	<u>\$4,612,944</u>

FUNDS WERE USED FOR

Acquisition of petroleum and natural gas interests	\$ 215,343	\$ 365,229
Exploration and development	1,647,442	2,716,324
Pipeline	7,246	6,952
Decrease in long-term debt	2,191,100	1,278,900
Commission and financing expenses relating to Preferred Share issue	293,694	–
Investment in Panarctic Oils Ltd.	79,054	–
Sundry payments	–	4,000
	<u>\$4,433,879</u>	<u>\$4,371,405</u>
Increase in working capital	<u>\$2,584,995</u>	<u>\$ 241,539</u>

CANADIAN GRIDOIL LIMITED

notes

TO FINANCIAL STATEMENTS

DECEMBER 31, 1968

1. All costs of exploring for and developing oil and gas reserves are capitalized. The investment in mineral interests and oil and gas properties, including costs of undeveloped properties and production equipment, is being depleted on an overall basis by the unit of production method based on estimated proven oil and gas reserves.

2. Long-term debt is as follows:

	Total long-term debt	Amounts due within one year	Amounts due over one year
Bank loans payable in monthly instalments of \$80,500, secured by the assignment of interests of the Company in certain producing oil and gas properties under Section 82 of the Bank Act	\$4,196,000	\$ 966,000	\$3,230,000
6% Note payable in annual instalments of \$100,000 on November 1st	100,000	100,000	—
5½% Sinking fund redeemable notes, Series "A", due July 1st, 1976	1,247,000	—	1,247,000
	<u>\$5,543,000</u>	<u>\$1,066,000</u>	<u>\$4,477,000</u>

The sinking fund requirements of the 5½% notes have been satisfied until 1970 in which year \$122,000 will be due and \$187,500 annually thereafter.

The note discount and issue expense is being amortized by the straight line method over the term of the notes.

3. The Company has a lease on an office building which expires in 1973 (with an option to renew). Under the terms of the lease the Company is required to pay all operating expenses (which approximate \$135,000 per year) and an annual rental of \$245,000. The major portion of the premises is currently subleased at annual rentals aggregating approximately \$275,000.
4. For income tax purposes, the Company claims expenditures for lease acquisition, exploration and drilling costs in excess of the related depletion reflected in its accounts. As a result, no income taxes are payable with respect to the year ended December 31, 1968. At December 31, 1968 the net book value of these expenditures was \$8,500,000, of which \$5,460,000 remains to be applied against future taxable income.

The Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants recommends income tax allocation for all differences in the timing of deductions for tax and accounting purposes which originate in financial years commencing on or after January 1, 1968. The Company, in common with many other companies in the Canadian oil and gas industry, believes that tax allocation in respect of lease acquisition, exploration and drilling costs is not appropriate and this position is accepted by accounting authorities outside Canada. Accordingly, no provision has been made for deferred taxes on timing differences involving such costs for the year ended December 31, 1968. If the tax allocation basis had been followed, net income for the year would have been reduced by \$297,000 (\$382,000 in 1967) and the accumulated effect amounts to \$1,013,000 at December 31, 1968.

Commencing January 1, 1968 the Company adopted the policy of providing for deferred income taxes relating to timing differences between capital cost allowance claimed for income tax purposes and depreciation recorded in the accounts; no such provision has yet been required. At December 31, 1968 the undepreciated capital cost for income tax purposes amounted to \$2,650,000, which approximates the net book value of depreciable assets at that date.

5. Effective January 1, 1968 the Company's pension plan was revised resulting in an unfunded liability of \$246,000 which has not been provided for in the accounts except to the extent of monthly instalments of approximately \$2,000, which are charged to operations at time of payment.
6. During the year the shareholders approved the authorization of 200,000 6% Cumulative Redeemable Convertible Preferred Shares of a par value of \$25 each, which shares were issued for a cash consideration of \$5,000,000 in December, 1968. The payment of a commission of \$225,000 and expenses of \$68,694 in connection with the sale of these shares has been charged to Capital in Excess of Par Value.
7. Direct remuneration of the company's directors and senior officers (including the five highest paid employees) for the year ended December 31, 1968 amounted to \$169,600.

CANADIAN GRIDOIL LIMITED

330 Ninth Avenue S.W., Calgary, Alberta

Capitalization

Capital Stock	Authorized	Outstanding
Preferred		
6% Cumulative Redeemable Convertible Preferred shares, par value \$25.00 per share	200,000 shares	200,000 shares
Common		
Common Shares, par value 45c per share	5,000,000 shares	2,471,350 shares
5½% Sinking Fund Notes, Series A, maturing July 1, 1976	\$3,000,000	\$1,247,000

Directors

Samuel Beck	New York, New York
Edward J. Buell, Jr.	Chippawa, Ontario
Eric Connelly	Calgary, Alberta
William L. James	Calgary, Alberta
H. E. Joudrie	Calgary, Alberta
Arthur R. Morison	Calgary, Alberta
Carl O. Nickle	Calgary, Alberta
S. C. Nickle, Sr.	Calgary, Alberta
Sam C. Nickle	Calgary, Alberta

Officers

S. C. Nickle, Sr.	President
Sam C. Nickle	Vice-President
Arthur R. Morison	Treasurer
William L. James	Secretary

Bankers

Bank of Montreal

Transfer Agents and Registrars

CANADA

Guaranty Trust Company of Canada
Montreal, Toronto, Calgary, Vancouver
UNITED STATES

The Bank of New York
New York, N.Y.

Auditors

Price Waterhouse & Co.

Exchange Listings

American Stock Exchange
Toronto Stock Exchange
Calgary Stock Exchange
Symbol CGX

MAP SHOWING
ACREAGE HOLD
of
CANADIAN GRIDOL

BRITISH

COLUMBIA

ALBERTA

LEGEND

OILFIELD GAS FIELD



The areas within which the Company has substantial holdings of petroleum and natural gas rights are indicated by this black outline.

The Company owns in the shaded area an undivided one-half interest in all mines and minerals except coal underlying 1,414,427 acres checkerboarded throughout southern Saskatchewan and southwestern Manitoba. All such mineral interests together with the unowned portion of such mineral interests were subject to options (also held by the Company) to acquire petroleum and natural gas leases for a term of 99 years, at a rental of 25c per acre per annum and subject to a 12½% gross royalty. Certain of these options have been exercised and a small percentage have been allowed to lapse.

50 0 50 100
MILES

VANCOUVER
VICTORIA

Fort Nelson

Fort St. John

BISTCHO LAKE
ZAMA LAKE
ROE CREEK
RAINBOW

KAYBOB

EDSON

PEMBINA

BRAZEAU RIVER

GARRINGTON

SUNDRE

CALGARY

BANTRY
HAIS
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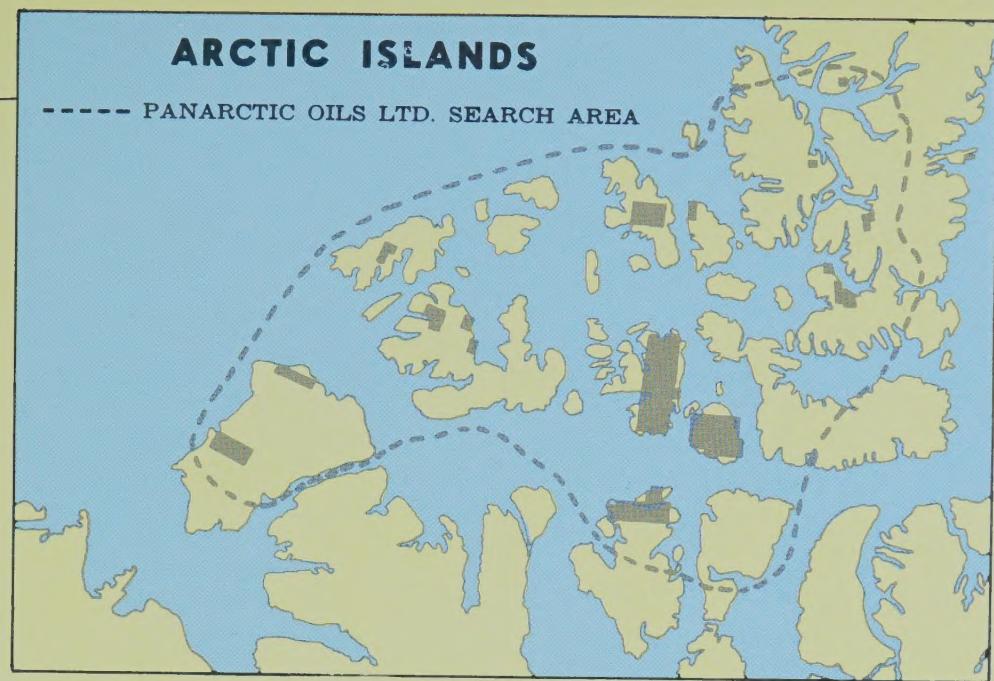
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